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Limited budgetary discretion

Report of the Secretary-General

Summary

The General Assembly, in section III of its resolution 60/283, decided to authorize the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to 20 million United States dollars in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. In accordance with the provisions of paragraph 8 of that resolution, it was expected that such discretion would be implemented in accordance with a number of defined principles.

In line with paragraph 10 of resolution 60/283, the Secretary-General was requested to submit to the General Assembly, at its sixty-fourth session, a comprehensive report on the implementation of the experiment to enable the Assembly to review and take a final decision on its continuation. The present report is submitted in response to that request.

It is the proposal of the Secretary-General to continue the limited discretionary provision as an established procedure with some modifications.

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I. Introduction

1. Following the adoption of the 2005 World Summit Outcome (resolution 60/1) and the reaffirmation by the General Assembly of the role of the Secretary-General as the chief administrative officer of the Organization, in accordance with Article 97 of the Charter of the United Nations, the Assembly requested him to make proposals for its consideration on the conditions and measures necessary for him to effectively carry out his managerial responsibilities. A number of reform proposals had been put forward for consideration by the Assembly, including proposals to make more efficient use of the financial and human resources available to the Organization, and thus better comply with its principles, objectives and mandates.

2. In this regard, the General Assembly decided, in section III of its resolution 60/283, to authorize the Secretary-General, on an experimental basis, a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, to enter into commitments up to 20 million United States dollars ($) in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities, subject to defined principles as articulated in paragraph 8 of the same resolution.

3. This discretion has been utilized by the Secretary-General over the course of the bienniums 2006-2007 and 2008-2009 and its use has been reported to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, as required by the Assembly in paragraph 9 of its resolution 60/283 in the context of the first and second performance reports.

4. In response to the request of the General Assembly for a report on the experience on the application of limited budgetary discretion, the present report addresses the specific issues raised by the Assembly and puts forward a case for its continuation in a modified form.

II. Limited budgetary discretion

A. Background to approval of the provision

5. In paragraph 11 of its resolution 60/246, the General Assembly recognized the need for limited discretion in budgetary implementation for the Secretary-General, within defined parameters to be agreed by the General Assembly along with clear accountability mechanisms to the Assembly for its use.

6. In this regard, in section III of its resolution 60/283, the General Assembly authorized the Secretary-General to use a limited discretion for budgetary implementation for the bienniums 2006-2007 and 2008-2009, as described in paragraph 2 above.

7. The premise of the authorization was that such limited discretion would be financed through offset by savings identified and attained, including through the efficient use and assignment of resources, during the course of each biennium within the authorized appropriation level, as reported in the performance reports.

Implementation was expected to be in accordance with nine specific principles as detailed in the resolution, namely:

(a) The experiment would not be utilized for unforeseen and extraordinary expenses authorized in respect of the maintenance of peace and security;

(b) The experiment would not imply any changes in the human resources management policies of the Organization;

(c) The proposed programme budget would remain the principal instrument in which the Secretary-General sets out the resources and staffing requirements of the Organization, including the requirements for all reform proposals as agreed by Member States;

(d) The experiment would in no way prevent the Secretary-General from requesting additional posts during the course of the experiment;

(e) The experiment would not be implemented in pursuance of General Assembly resolutions calling for the implementation of decisions "within existing resources";

(f) The experiment would not imply any changes to the provisions guiding the use of the contingency fund;

(g) The utilization of authorization would be exercised with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions when the total amount is in excess of 6 million dollars per biennium;

(h) The experiment would not alter the priorities of the Organization as agreed by the General Assembly;

(i) The utilization of the funds provided for under the experiment would be subject to the Financial Regulations and Rules of the United Nations.

B. Utilization of the provision in 2006-2007 and 2008-2009

8. As required by the General Assembly in resolution 60/283, the use of the limited budgetary discretion granted to the Secretary-General has been reported on in the context of the first and second performance reports for the respective bienniums. In the case of the biennium 2006-2007, however, owing to the need to establish the criteria for defining evolving needs, consistent with the principles set out in resolution 60/283, no use was made of the facility during 2006. This was explained in the context of the first performance report for the biennium 2006-2007 (A/61/593). The modalities for the use of the limited budgetary discretion are described in the annex to the present report.

9. In 2007, with the establishment of the modalities, there were a number of instances in which there was recourse to the limited discretion provisions. These were detailed in the second performance report for the biennium 2006-2007 (A/62/575, paras. 33 to 38). Notably, budgetary requirements were provided in two specific instances:

(a) An amount of $5.3 million was required to develop and implement the preparedness plans associated with the virulent strain of avian influenza known as A(H5N1), with its potential for a human influenza pandemic in order to ensure that

the United Nations was ready for such a pandemic. Those requirements were used to address the integration of business continuity planning within offices in New York and for offices away from Headquarters and regional commissions, as well as the coordination of the preparation and implementation of a staff training plan;

(b) In addition, an amount of $4 million was required to address fire safety deficiencies identified in the Secretariat building by the New York City Fire Department. Of this amount, $500,000 was absorbed from within section 32, Construction, alteration, improvement and major maintenance, of the budget. The concurrence of the Advisory Committee on Administrative and Budgetary Questions was sought to fund the remaining $3.5 million under the limited discretion authority, in accordance with paragraph 8 (g), section III, of resolution 60/283.

10. The related redeployment of amounts utilized to address the avian flu pandemic preparedness and fire safety deficiencies at Headquarters is detailed by budget section in table 1.

Table 1
Use of limited discretion for 2006-2007

	Use of limited discretion for 2006-2007	
Budget section	*Influenza pandemic*	*Fire code compliance*
17. Economic and social development in Africa	23.1	—
18. Economic and social development in Asia and the Pacific	93.8	—
20. Economic and social development in Latin America and the Caribbean	359.2	—
21. Economic and social development in Western Asia	57.0	—
27. Public information	92.5	(3 500.0)
28A. Office of the Under-Secretary-General for Management	398.1	—
28C. Office of Human Resources Management	956.9	—
28D. Office of Central Support Services	1 603.8	—
28E. Administration, Geneva	557.4	—
28F. Administration, Vienna	530.0	—
28G. Administration, Nairobi	611.6	—
32. Construction, alteration, improvement and major maintenance	—	3 500.0
33. Safety and security	(5 283.4)	—
Total	—	—

11. During the biennium 2008-2009, limited budgetary discretion was utilized in both 2008 and 2009 to address the continued funding of a dedicated project team to maintain the momentum and ensure the progress on major foundation tasks relating to the enterprise resource planning system and for operational preparedness and business continuity in the event of a protracted human influenza pandemic crisis.

The use of the discretion in 2008 was reported in the first performance report of the Secretary-General (A/63/573, paras. 35-43).

12. As regards the use of limited budgetary discretion in 2009, in accordance with the request of the General Assembly, a detailed explanation has been included in the context of the second performance report (A/64/545, paras. 26-36), a summary of which is provided below. The authority has been utilized to address: (a) the continued funding of a dedicated project team to maintain the momentum and ensure the progress on major foundation tasks relating to the enterprise resource planning system; and (b) for operational preparedness and business continuity in a protracted crisis resulting from an influenza pandemic. Those requirements have been met through the utilization of potential savings under posts identified under various sections.

13. As concerns the enterprise resource planning system, in his report the Secretary-General detailed the proposal to implement an enterprise resource planning project for the United Nations (see A/62/510/Rev.1). In its resolution 63/262, the General Assembly approved an amount of $20 million for the project for the biennium 2008-2009 and requested the Secretary-General to meet the regular budget share of requirements for the planning system in the amount of $2,764,000 from the overall resources appropriated for the biennium 2008-2009 for the regular budget and to report the related expenditure, as necessary, in the second performance report for the biennium 2008-2009. Accordingly, the regular budget share of $2,764,000 was accommodated through the use of the authority granted under resolution 60/283.

14. Regarding the business continuity management, including in the event of an influenza pandemic, during the first part of its resumed sixty-third session in March 2009, the General Assembly considered the report of the Secretary-General on revised estimates under various sections of the programme budget for the biennium 2008-2009 relating to business continuity management (A/63/359 and Corr.1). In section III of its resolution 63/268, the Assembly requested the Secretary-General, inter alia, to submit a fully justified proposal for post and non-post resources in relation to the work under way on business continuity management in the context of the proposed programme budget for the biennium 2010-2011. The Assembly did not, however, approve any resources for the biennium 2008-2009 for activities related to business continuity management. As reported in the context of the first performance report for the biennium 2008-2009 (A/63/573, paras. 37-41), coordination of activities and preparedness plans for business continuity, including in the event of a pandemic under way during 2008, were carried out using the discretionary authority granted to the Secretary-General in resolution 60/283. As no appropriation existed in 2009 for the continuation of activities related to business continuity management, including pandemic preparedness, the mechanism under the terms of resolution 60/283 was used for the continuation of those activities. Accordingly, for the biennium an amount of $8,556,100 for the activities was accommodated through the discretionary authority granted to the Secretary-General.

15. The related redeployment of amounts utilized to address the activities funded under the limited discretion during the biennium 2008-2009 overall, by budget section, is detailed in table 2.

Table 2
Use of limited discretion during 2008-2009

(Thousands of United States dollars)

Budget section	*Use of limited discretion*		
	Enterprise resource planning system	*Influenza pandemic*	*Business continuity management*[a]
2. General Assembly and Economic and Social Council affairs and conference management	(1 382.0)	(422.2)	—
5. Peacekeeping operations	—	—	(1 600.0)
9. Economic and social affairs	—	—	(1 500.0)
17. Economic and social development in Africa	—	215.8	(925.8)
20. Economic and social development in Latin America and the Caribbean	—	25.5	—
21. Economic and social development in Western Asia	—	8.3	(800.0)
23. Human rights	—	(2 000.0)	—
27. Public information	(1 382.0)	18.0	—
28A. Office of the Under-Secretary-General for Management	2 329.5	—	—
28C. Office of Human Resources Management	—	232.4	2 132.1
28D. Office of Central Support Services	434.5	1 438.7	465.3
28E. Administration, Geneva	—	21.7	471.4
28F. Administration, Vienna	—	150.3	—
28G. Administration, Nairobi	—	311.5	529.9
33. Safety and security	—	—	418.1
36. Office of Information and Communications Technology	—	—	809.0
Total	—	—	—

[a] It should be noted that an amount of $1,308,100 million borrowed from posts has been redistributed within the same sections, namely section 17, Economic and social development in Africa ($676,100), section 18, Economic and social development in Asia ($86,400), section 20, Economic and social development in Latin America and the Caribbean ($236,000), section 21, Economic and social development in Western Asia ($213,700); and section 28F, Administration, Vienna ($95,900).

16. As outlined above, the use of limited budgetary discretion has been exercised with respect of activities that have or will have ultimate impact on all sections of the budget. Furthermore, the nine principles have been applied, including that in exercising such discretion there has been no change or implications for human resources management policies and the Financial Regulations and Rules of the United Nations, continue to apply in full. Resources for the funding of limited

budgetary discretion are drawn from those sections of the budget which, through analysis, show evidence of delays in the recruitment of staff against the approved staffing table and which have reported underexpenditure against the "posts" category of expenditures. Nevertheless, while the underutilized dollar amount within certain budget sections has been drawn on, programme managers are required to proceed to fill the posts approved by the General Assembly as soon as possible, in accordance with the established recruitment procedures.

C. Continuation of the limited budgetary discretion provision

17. Based on an analysis of the experience over the last two bienniums (2006-2007 and 2008-2009), the Secretary-General has concluded that there is merit in the continuation of the application of limited budgetary discretion and proposes that the General Assembly decide to continue it as an established procedure, with three modifications to the principles.

18. It is proposed that the General Assembly endorse the continuation of the limited discretion provision with an increase in the amount of this discretion up to $30 million for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities.

19. It is further proposed that the provisions be exercised by the Secretary-General, with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions when the total amount utilized exceeds 10 million dollars per biennium.

20. It is also noted that under the terms of paragraph 8 (e) of section III of resolution 60/283, the limited discretion experiment shall not be implemented in pursuance of General Assembly resolutions calling for the implementation of decisions "within existing resources". While this may be generally applied, it can be noted from the experience over the bienniums 2006-2007 and 2008-2009 that cross-cutting activities of the type described that affect all budget sections are examples of how the limited budgetary discretion can be utilized. It is therefore proposed that paragraph 8 (e) of resolution 60/283 also be modified to reflect such utilization.

III. Conclusions and recommendations

21. As outlined in the present report, the use of the limited budgetary discretion over the last two bienniums has largely centred on organizational management requirements such as influenza pandemic preparedness, fire code compliance and the start-up of the enterprise resource planning system. These activities, it is noted, have a positive impact on all sections of the budget.

22. The experience to date has been a positive one, for which, as reflected above, the Secretary-General sees merit in continuing in a slightly modified form.

23. In this connection, the General Assembly is requested to:

(a) Approve the continuation of the limited discretion provision as an established procedure, with the following modifications:

(i) Paragraph 6 of section III of General Assembly resolution 60/283 would read:

"*Decides* to authorize the Secretary-General a limited discretion for budgetary implementation for each biennium, to enter into commitments up to 30 million United States dollars for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities"

(ii) Subparagraph 8 (e) of section III of resolution 60/283 would read:

"The limited discretion shall not be implemented in pursuance of General Assembly resolutions calling for the implementation of decisions 'within existing resources' except in cases where activities are of a cross-cutting nature, affecting the majority of budget sections"

(iii) Subparagraph 8 (g) of section III of resolution 60/283 would read:

"The utilization of authorization shall be exercised with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions when the total amount utilized exceeds 10 million dollars per biennium"

(b) Request the Secretary-General to continue to report to the General Assembly, through the Advisory Committee, in the context of the performance reports, on the utilization of all commitments made within the context of the limited discretion procedure, together with the circumstances relating thereto, as well as the impact on programme delivery and the ability to meet the evolving needs of the Organization.

Annex

Modalities for the Secretary-General's limited discretion for budgetary implementation

1. The General Assembly, by its resolution 60/283, authorized a limited discretion for the Secretary-General in budgetary implementation on an experimental basis for the bienniums 2006-2007 and 2008-2009.

2. The discretion consists of authority for the Secretary-General to enter into commitments up to 20 million United States dollars ($) in each biennium for positions and non-post requirements for the purpose of meeting the evolving needs of the Organization in attaining its mandated programmes and activities. It should be noted that discretion is limited to $6 million under the authority of the Secretary-General and that any amounts in excess of this level require submission to and approval by the Advisory Committee on Administrative and Budgetary Questions.

3. It should also be noted that the application of limited budgetary discretion does not involve the use of new funds made available (no new appropriation) by the General Assembly but rather requires the redistribution of resources from "potential" savings during implementation of the programme budget as a whole.

4. It will be noted that there are existing arrangements and processes for flexibility within budget sections to accommodate various needs during programme implementation. There will be cases, however, where discretion would be needed across budget sections. It is this latter instance in which the budgetary discretion provided for under resolution 60/283 is intended to address.

Accountability, transparency and reporting

5. In accordance with the request of the General Assembly for full accountability and transparency, clear records of requests and reporting on the application of limited budgetary discretion will be necessary.

6. In this connection, as is currently the process followed for actions taken under the provisions of the General Assembly resolution on unforeseen and extraordinary expenses, requests for the application of limited budgetary discretion would mirror those procedures — accordingly:

(a) Requests would be submitted to the Executive Office of the Secretary-General and, as it deems necessary, to the Management and/or Policy Committees, for overarching policy consideration and approval in principal. Such requests would address the criteria detailed in paragraph 7 below;

(b) Detailed resource submissions would be submitted to the Controller for review following established budgetary procedures and to ensure availability of funding and preparation of relevant exchange of letters with the Secretary-General for his/her approval on the use of the funds and flexibility;

(c) Full reporting on the implementation of limited budgetary discretion would be submitted to the General Assembly in the context of the first and second performance reports.

Criteria for application of limited budgetary discretion

(Criteria that apply to the evolving needs of the Organization)

7. Proposals for the use of limited budgetary discretion should be formulated taking into account the criteria outlined in subparagraphs (a) to (e) below. In addition, the proposals should clearly indicate resource requirements and whether such requirements are of a one-time nature (specific to the present biennium) or of a continuing nature which would spill over into the following biennium. Requirements of a continuing nature will need to be addressed through inclusion in budget proposals for subsequent periods. It should be noted that in determining what may be an evolving need of the Organization for which funding is to be made available, it shall not be implemented in pursuance of General Assembly resolutions calling for the implementation of decisions "within existing resources" (see resolution 60/283, sect. III, para. 8 (c)):

(a) Is it mandated, justified, and reportable? How effectively will the proposed activity to be funded from the arrangement promote the strategic priorities of the Organization? Is there a link to priorities, objectives, accomplishments or mandates? Has this proposal or a similar proposal been previously reviewed and not supported by an intergovernmental body or the Advisory Committee on Administrative and Budgetary Questions? What is the expected outcome? Is it time limited?

(b) Is it a need that has evolved since the preparation and adoption of the current programme budget? To what extent do currently approved plans and budgets already provide for this proposal? To what extent does the proposed activity provide new approaches, creative and innovative concepts or strategies to achieve mandated objectives? Does the proposed activity involve cross-organizational collaboration among programmes? Does the proposal contribute, together with other initiatives, to ensuring a balanced focus on priorities across programmes or parts of the budget?

(c) Is it underresourced? What is the status of overall resources already available and allotted at the programme level? Is the proposal more appropriately funded under extrabudgetary or other funding sources? Is the proposal more appropriately funded under provisions for unforeseen and extraordinary expenses for peace and security?